



Second Half Year Report

2023

 **Western Bulk**



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Operation Manager Patrick Feng
and Laytime Specialist Wei-
Ching Yeow



01. Key Figures and Highlights

WB CHARTERING GROUP (USDM)	2H 2023	2H 2022	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021
Gross revenues	543.4	732.7	1 117.6	1 615.8	1 487.9
Net TC result ¹⁾	2.3	51.5	9.3	116.0	137.9
Administrative expenses	12.9	22.9	25.1	47.6	50.7
EBITDA ¹⁾	-10.6	28.6	-15.8	68.5	87.2
Net profit (loss) after tax ¹⁾	-10.8	28.6	-15.6	66.0	81.0
Net TC Margin per ship day (USD) ¹⁾	100	2 576	202	2 870	3 376
Average number of ships operated	128	109	126	111	112
Total assets	119.8	162.6	119.8	162.6	196.6
Book equity	52.5	68.1	52.5	68.1	51.1
Total liabilities	67.4	94.5	67.4	94.5	145.5
Interest bearing debt	-	-	-	-	3.4
Free cash	32.9	57.1	32.9	57.1	108.3
Restricted cash	7.5	11.7	7.5	11.7	13.9
Total cash	40.4	68.8	40.4	68.8	122.1

¹⁾ 2H 2023 and 2H 2022 Net TC including USD -1.0 million loss and USD 2.1 million gain on positional FFA's (Forward Freight Agreements). Full year 2023, Full year 2022 and Full year 2021 Net TC including USD -3.8 million loss, USD 3.8 million gain and USD 24.2 million gain. These are derivative positions not qualifying as a hedge, hence booked as financial items in the financial statements in chapter 4.



Comments to the results

For the second half of 2023, Western Bulk generated a net loss after tax of USD -10.8 million, compared to a net profit after tax of USD 28.6 million for the second half of 2022. Net TC reached USD 2.3 million in the second half of 2023, down from USD 51.5 million in the same period in 2022. For the full year of 2023, the result after tax was USD -15.6 million, compared to a net profit after tax of USD 66.0 million for 2022. Net TC for 2023 was USD 9.3 million, down from USD 116.0 million in 2022.

For most of the year, the company held a negative market view and was careful in taking on long exposure. Vessel owners required a premium to the forward freight market (FFA), while cargo was priced at a discount to the paper market (FFA). This limited business opportunities and led to difficulties in securing physical tonnage without taking an outright long exposure at what was considered as inflated levels against the paper market (FFA). At times this led to short positions with an overweight of cargo commitments covered by more expensive vessels as the market increased more than expected. As Western Bulk does not own vessels, financial results are not necessarily correlated with the overall market direction like for most vessel owners.

The company has also made investments in new trading areas to grow volume. The situation in the Panama-canal with restrictions and increased fees also had a negative impact on the second half year results.

The second half of 2023 saw two significant market spikes, the first in August and September, where the rates went from about 7,500 USD/day to peak at about 15,000 USD/day, and the second in November and December, with rates increasing from 12,000 USD/day to 17,000 USD/day. Both events had a negative impact on the Group given its a short position, and an overweight of cargo commitments had to be covered by more expensive vessels. The increased costs to pass through the Panama Canal also had a somewhat negative impact on the results.

Net TC Margin per ship day for the second half of 2023 reached USD 100 compared to USD 2,576 for the same period in 2022, while Net TC per ship day for the full year of 2023 was USD 202 compared to USD 2,870 for 2022.

The average number of vessels in the second half of 2023 was 128 compared to 109 vessels for the same period in 2022. The average number of vessels for the full year of 2023 was 126 up from 111 vessels for the full year of 2022. Under the current market conditions the company has not been able to increase volume in line with its ambitions. The aim is still to grow organically within new segments and trading patterns, but it is expected to take time to limit the risk and required investments.

Administration expenses decreased to USD 12.9 million in the second half of 2023, from USD 22.9 million for the second half of 2022, and decreased to USD 25.1 million for the full year of 2023 from USD 47.6 million in 2022. The decrease was mostly due to lower bonus accruals.

There were no significant related party transactions during the period.

Financing and available cash

At the end of the period Western Bulk had USD 32.9 million in free cash and no outstanding interest-bearing debt. Free cash decreased by USD 24.2 million during 2023, mostly due to the net loss after tax for the period and Q4 2022 dividend payment of USD 10.0 million in February 2023. Restricted cash decreased by USD 4.2 million during 2023, mostly caused by the release of restricted cash from collection accounts in connection with repayment and closing of the account receivables financing which was replaced by a new overdraft facility.

Western Bulk has two working capital facilities with credit lines totaling USD 35 million. A facility of USD 10 million related to bunker purchases and a new overdraft facility of USD 25 million which was in effect from January 2024. The new overdraft facility is more flexible, less dependent on eligible receivables and requires less restricted cash than the previous receivables financing it has replaced.

As of 31.12.2023 the company had no outstanding drawings on either of the facilities.

Company update

After five years with the company, Hans Aasnæs will step down from his position as CEO once a successor is found. A search for a new CEO will be initiated, and an interim CEO will be appointed soon.

Kristian Huseby was elected as a new board member replacing Kristoffer Sandaker, who resigned from the board. Kristian owns 10 000 shares in Western Bulk Chartering AS.

Following the results for H2 2023, the Board of Directors has decided not to declare a dividend for Q4 2023.



02. Dry Bulk Market Highlights

The dry bulk market improved steadily throughout H2 2023. The Baltic Supramax Index 58'(BSI) averaged at USD 11,974/day, 14% higher than the USD 10,488/day achieved in H1 2023. The average spread between H2 Atlantic and H2 Pacific markets increased from USD 2,999/day to USD 6,925/day due to a much stronger Atlantic market.

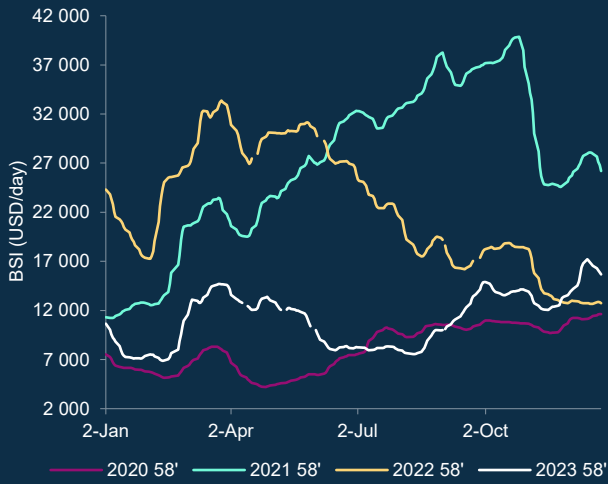
Following a deep correction in Q2 2023, the Pacific Supramax market improved steadily through Q3, although rates remained significantly lower than those of the Atlantic basin. Despite the continued negative impact by a troubled real estate sector, Chinese coal demand remained strong due to stock building and disruptions to the domestic production. In contrast, Indian coal demand saw strong growth during the period due to rising construction and industrial production. However, the Pacific market started to weaken into Q4 due to the arrival of front haul tonnage and lower industrial activity across Asia. Overall, the Pacific Supramax rates (average of S2, S8 and S10) averaged at USD 9,725/day in H2 2023, almost flat compared to H1 2023 at USD 9,475/day.

After a slow summer, the Atlantic market started coming back to life in August. Trans-Atlantic rates increased from USD 7,500/day to USD 17,500/day in a matter of 6 weeks on the back of strong grain, coal and fertilizer shipments and lower inbound tonnage. In addition, the Panama Canal started experiencing draft issues due to lack of rain. This caused the congestion outside the canal to increase drastically which further added to a tight supply situation. Due to this, several front hauls which would typically go via Panama were diverted through the Suez Canal, adding extra tonne-miles to the market. After a short breather in the market in beginning of November, the US Gulf started firing on all cylinders as the peak US grain export season kicked in and issues in the Panama Canal persisted. This pushed US Gulf front haul rates up to a peak of USD 40,000/day in early December. Overall, the Atlantic Supramax market ended 2023 on a surprisingly strong note with H2 average rates at USD 16,052/day, up from USD 11,664/day in H1.

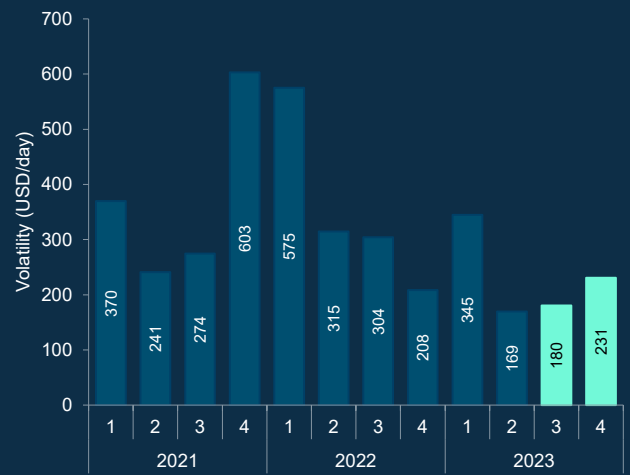
The global dry bulk fleet is expected to expand by about 2.5% for 2024, above the expected growth of global dry bulk trade at about 2%. In particular, the Supramax fleet is expected to grow 3.6% for the full year, broadly matching the projected growth of minor bulk trade at 3.6%. However, there could be further upside to the outlook due to potential disruptions created by ongoing geo-political events in the Red Sea and extreme weather.



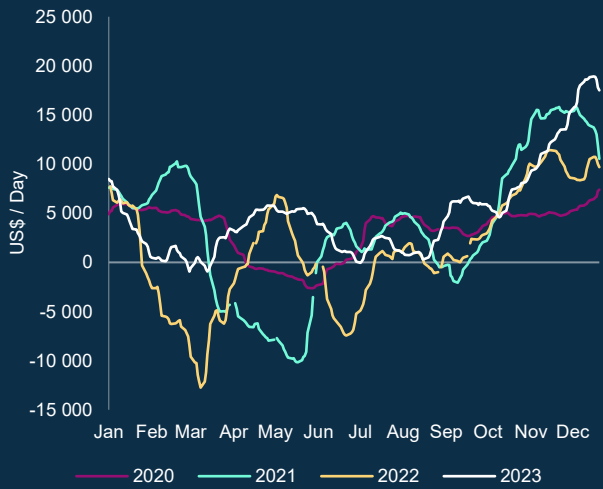
BALTIC SUPRAMAX INDEX



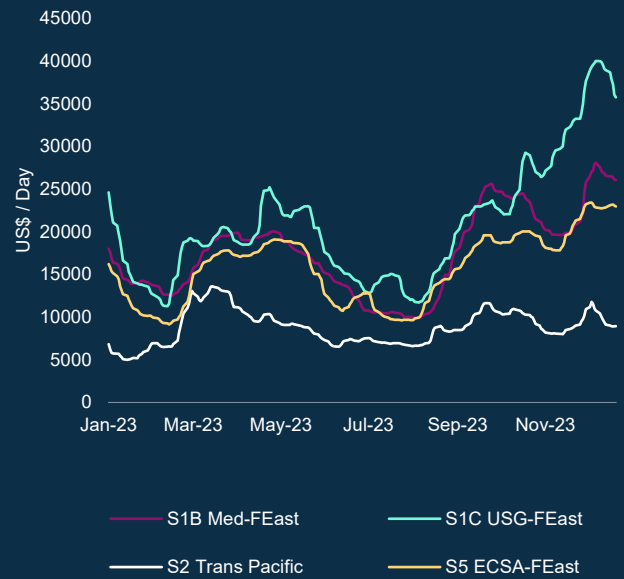
VOLATILITY IN BALTIC SUPRAMAX INDEX



BSI ATLANTIC-PACIFIC SPREAD



BSI SELECTED ROUTES



Source: Baltic Exchange



Western Bulk's main risk factors are described in Western Bulk Chartering's annual report for 2022, which is available at www.westernbulk.com.

OSLO, 15.02.2024

THE BOARD OF DIRECTORS OF WESTERN BULK CHARTERING AS

BENGT A. REM
CHAIRMAN

ØRJAN SVANEVIK
BOARD MEMBER

KRISTIAN HUSEBY
BOARD MEMBER

HANS AASNÆS
CEO

DISCLAIMER

This report includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for Western Bulk Chartering AS and its subsidiaries and affiliates (the "Group") lines of business. These expectations, estimates, and projections are generally identifiable by statements containing words such as "expects," "believes," "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the Group's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time. Although the Group believes that its expectations and the information in this release were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this release. Neither Western Bulk Chartering AS nor any other company within the Group is making any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in the release, and neither Western Bulk Chartering AS, any other company within the Group nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in the release. This release speaks of the date hereof and Western Bulk Chartering AS undertakes no obligation to publicly update or revise any forward-looking information or statements in the release, other than what is required by law. The Group consists of many legally independent entities, constituting their own separate identities. Western Bulk Chartering AS is used as the common brand or trademark for most of these entities. In this release we may sometimes use "Group", "we," or "us," when we refer to Western Bulk Chartering's Group companies in general or where no useful purpose is served by identifying any particular company of the Group.



03. Financial statements

Included in this section are the consolidated interim financial statements for Western Bulk Chartering AS and its subsidiaries.

CONSOLIDATED CONDENSED INCOME STATEMENT WESTERN BULK CHARTERING GROUP

(USD 1,000)	2H 2023	2H 2022	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021
Gross revenues	543 393	732 682	1 117 629	1 615 752	1 487 878
Voyage expenses	-237 889	-266 483	-496 858	-549 438	-467 540
T/C expenses	-300 809	-415 681	-605 085	-951 797	-904 668
Other vessel expenses	-1 327	-1 138	-2 600	-2 233	-1 992
Net T/C result	3 369	49 380	13 087	112 284	113 679
Administration expenses	-12 921	-22 933	-25 132	-47 576	-50 720
Result before depreciation and impairment, finance items and income tax	-9 553	26 447	-12 046	64 708	62 959
Depreciation	-66	-72	-135	-140	-151
Provision for doubtful debt	-	-	-	-	-2
Gain/(loss) on disposal of property, plant and equipment	-17	-	-17	-5	-28
Operating profit/(loss)	-9 636	26 376	-12 198	64 564	62 778
Financial income	1 408	1 750	2 596	781	97
Financial expenses	-436	-443	-727	-1 209	-2 228
Gain/(loss) positional FFA	-1 024	2 145	-3 751	3 762	24 226
Net profit before tax	9 688	29 827	-14 079	67 898	84 873
Income tax expense	-1 097	-1 260	-1 542	-1 921	-3 847
Net profit for the period	-10 786	28 568	-15 620	65 977	81 026



CONSOLIDATED CONDENSED BALANCE SHEET

WESTERN BULK CHARTERING GROUP

(USD 1,000)	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021
ASSETS			
Non current assets			
Deferred tax asset	290	267	390
Intangible assets	109	5	14
Tangible fixed assets	264	384	358
Pension assets	-	147	-
Investment in financial assets	-	-	530
Long term receivables	-	43	604
Total non-current assets	663	846	1 896
Current assets			
Bunker stocks	52 599	48 155	39 409
Accounts receivable	24 369	36 521	32 769
Other receivables	326	285	443
Receivables derivatives	-	7 987	-
Receivables EUA	1 459	-	-
Bank deposits	40 421	68 818	122 114
Total current assets	119 174	161 767	194 735
TOTAL ASSETS	119 837	162 613	196 631
EQUITY AND LIABILITIES			
Equity			
Share capital	205	205	205
Share premium	12 267	12 267	51 267
Other paid-in capital	-	-	-
Retained earnings	40 012	55 633	-345
Total equity	52 484	68 104	51 127
Long term liabilities			
Deferred tax liability	67	86	120
Pension liabilities	285	425	815
Other long-term liabilities	-	-	-
Total long-term liabilities	352	511	936
Current liabilities			
Accounts payable	13 690	14 533	8 202
Other payable	48 471	67 482	60 278
Proposed dividend	-	10 000	65 000
Payable derivatives	3 127	-	4 241
Taxes payable	1 473	1 860	3 465
Liabilities related company	240	120	-
Amounts owed to credit institutions	-	3	3 383
Total current liabilities	67 001	93 998	144 569
Total liabilities	67 353	94 509	145 505
TOTAL EQUITY AND LIABILITIES	119 837	162 613	196 631



CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY WESTERN BULK CHARTERING GROUP

(USD 1,000)	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNING	TOTAL EQUITY
January 1, 2023	205	12 267	-	55 632	68 104
Result for the period	-	-	-	-4 835	-4 835
June 30, 2023	205	12 267	-	50 798	63 270
Result for the period	-	-	-	-10 786	-10 786
December 31, 2023	205	12 267	-	40 013	52 484

SHARE CAPITAL	
Nominal value per share	NOK 0,05
Registered share capital per 31.12.2023	NOK 1 680 986
Registered share capital per 31.12.2023, in USD	USD 205 148
Total number of shares issued as of 31.12.2023	33 619 715

MAIN SHAREHOLDERS (NAME)	# OF SHARES	OWNERSHIP %
Kistefos group	23 093 152	68,7 %
Sayonara AS (former Ojada AS)	2 776 792	8,3 %
Øra Industrier AS	640 000	1,9 %
Citibank, N.A.	634 819	1,9 %
Euroclear Bank S.A./N.V.	465 093	1,4 %
Avanza Bank AB	329 181	1,0 %
Other (1 200 other shareholders)	5 680 578	16,9 %
	33 619 715	100 %

SHAREHOLDINGS BY CEO AND BOARD OF DIRECTORS		
CEO Hans Aasnæs (through Øra Industrier AS and privately)	672 637	2,0 %
Chairman of the Board, Bengt A. Rem (through Borken AS)	66 666	0,2 %
Board member, Ørjan Svanevik (through Oavik Capital AS)	18 000	0,1 %
Board member, Kristian Huseby	10 000	0,0 %
	767 303	2,3 %



CONSOLIDATED CONDENSED STATEMENT OF CASH FLOW WESTERN BULK CHARTERING GROUP

(USD 1,000)	2H 2023	2H 2022	FULL YEAR 2023	FULL YEAR 2022	FULL YEAR 2021
CASH FLOW FROM OPERATIONS					
Profit/(loss) before tax	-9 688	29 827	-14 079	67 898	84 873
Taxes paid	-759	-2 450	-1 916	-3 093	-540
Ordinary depreciation	66	72	135	140	151
(Gain)/loss on disposal financial assets	17	-	17	5	29
Changes in current receivables and current liabilities	-6 137	-6 422	-2 459	-9 999	13 113
Net cash flow from/(to) operating activities (A)	-16 501	21 027	-18 302	54 951	97 626
CASH FLOW FROM INVESTMENTS					
Investments in fixed and intangible assets	-129	-76	-151	-179	-54
Investments in financial assets	-	230	-	530	100
Disposal of fixed assets	-	-	15	-	27
Changes in long term receivables	-	-2	43	561	-604
Net cash flow from investments (B)	-129	152	-93	912	-531
CASH FLOW FROM FINANCING ACTIVITIES					
Changes in interest-bearing short term and long term debt	-13 044	-9 938	-3	-3 380	-20 572
Dividend paid	-	-23 000	-10 000	-105 779	-
Share capital increase	-	-	-	-	15 294
Net cash flow from financing activities (C)	-13 044	-32 938	-10 003	-109 159	-5 278
Net change in cash and cash equivalents (A+B+C)	-29 673	-11 759	-28 398	-53 296	91 817
Cash and cash equivalents at start of the period	70 094	80 578	68 818	122 114	30 297
Cash and cash equivalents at end of the period	40 421	68 818	40 421	68 818	122 114
Restricted bank deposits at end of the period	7 531	11 743	7 531	11 743	13 863
Available cash and cash equivalents at end of the period	32 890	57 075	32 890	57 075	108 251
(excluding undrawn credit line)					

SELECTED EXPLANATORY NOTES

Note 1. General information

Western Bulk Chartering AS is a private limited company incorporated and domiciled in Norway. The registered address of the office is Henrik Ibsens Gate 100, 0255 Oslo.

Western Bulk Chartering AS and its subsidiaries ("WB Chartering") is a major operator in the dry bulk shipping market and a charterer of primarily Supramax/Ultramax and Handysize dry bulk vessels, running an average fleet of 128 vessels in the second half of 2023.

This financial report is authorized for issue by the Board of Directors as of 15.2.2024.

Note 2. Accounting policies

The condensed financial statements of Western Bulk Chartering AS and its subsidiaries (the "Group") are prepared in accordance with Norwegian Generally Accepted Accounting Principles (N-GAAP) and NRS 11. Please refer to the 2022 annual report for a detailed description of the accounting policies. The report is available on www.westernbulk.com.

Note 3. Significant judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions. These estimates are based on the actual underlying business, its present and forecast profitability over time and expectations about external factors such as dry bulk shipping freight rates, interest rates, foreign exchange rates, oil prices and more which are outside the Group's and parent company's control. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group is involved in several disputes, including lawsuits, both as defendant and plaintiff. Based upon the Group's own views as well as opinions received from lawyers, provisions based on best estimate have been made in respect of the Group's total exposure. The actual outcomes of these disputes are unknown, and it could take several years before the disputes and claims are finally settled. Consequently, there are uncertainties related to the estimates for provisions which, depending on the outcome of each case, could prove to be insufficient to cover potential liabilities.

MV Eva Global delivered from shipyard on long term charter to Western Bulk from close Japanese head owners.



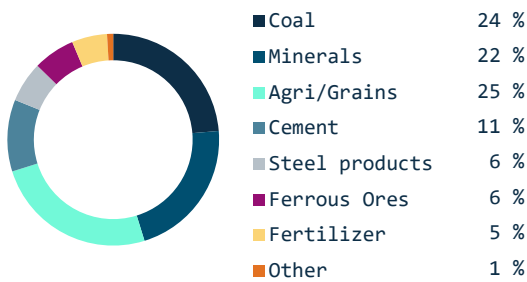


04. About Western Bulk

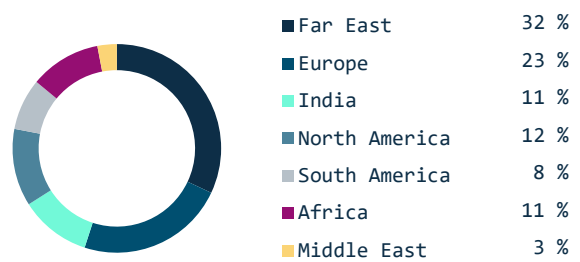
Western Bulk is a major operator of dry bulk vessels in the Handysize, Supramax and Ultramax segments. The Group operates its chartered-in fleet and cargo contracts through its two subsidiaries Western Bulk Carriers AS and Western Bulk Pte Ltd, which are supported by chartering and operations teams in Oslo (Norway), Singapore, Dubai (United Arab Emirates), Seattle (USA), Santiago (Chile) and Casablanca (Morocco).

Western Bulk has a highly diversified customer base with a broad cargo mix and diverse geographical footprint. During 2023, the Group conducted business with almost 300 different cargo customers, of which no single customer exceeded 4,0 % of total revenue. No single commodity accounted for more than 26 % of the volume of transported cargo in 2023.

CARGO DIVERSIFICATION 2023



DISCHARGE AREA BY VOLUME 2023



Group structure

The below chart shows the main companies of the group

